FOREIGN AGRICULTURE

October 7, 1974

Grading hog carcasses—Denmark.

U.S. Farm Exports in 1974-75

World Pork Surplus

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

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U.S. Farm Export Value To Near Record in 1974-75, Volume To Dip

By H. REITER WEBB, JR.
Deputy Assistant Administrator
Foreign Commodity Analysis
Foreign Agricultural Service

IN FISCAL 1975, U.S. exports of agricultural products are projected to reach a near-record value of just under $21 billion—down perhaps $500 million from last year—but still second highest in the Nation's history.

Export volume will probably decline significantly, however, because of smaller shipments of wheat and feedgrains, which could plunge as much as 23 or 24 million metric tons below last year's levels. Higher prices for those grains, together with both larger shipments and higher prices for soybeans, should offset much of the loss in volume. A more detailed analysis of U.S. export prospects will be released by USDA on October 8, 1974.

In fiscal 1975, U.S. exports of wheat and wheat flour will probably drop 15 to 20 percent below the 31 million metric tons shipped in fiscal 1974. However, an increase in unit prices will probably offset some of the reduced tonnage, so that the total value of wheat and wheat flour exports is expected to decline by only about 10 percent.

World wheat production this year is expected to be some 17 million tons below last year's level. A smaller Soviet crop will probably be offset by record or near-record harvests in many areas, including the European Community, Australia, Argentina, the Middle East, and Africa.

U.S. exports of feedgrains will probably drop sharply from last year's 44 million metric tons. The reduction may be as high as 40 to 45 percent. However, as is the case with wheat, prices are expected to increase sharply, and the value of feedgrain exports is likely to drop by about 20 percent from the level of fiscal 1974.

At just over 14 million metric tons, the volume of U.S. soybean exports is expected to be slightly higher than during fiscal 1974. With that and an anticipated increase in price, the total value of soybean exports should be up sharply to slightly more than $4 billion.

Slightly higher volume and lower prices for soybean meal should mean a marginal decline in total value, while a sharp increase in soybean oil prices should more than offset a small decline in volume, resulting in a total value increase of perhaps $100 million.

World output of oilseeds and meal is expected to decline in 1974. Increased U.S. soybean stocks, plus the 1974 U.S. crop—still expected to be the second largest on record—should cushion the effects of the reduced supply elsewhere.

A decline in U.S. cotton exports from about 5.7 million running bales last year to about 4.7 million in fiscal 1975 is expected to be offset by higher unit prices, resulting in a total value for this year of about $1.2 billion. While the U S. supply is relatively low because of reduced beginning stocks and a smaller crop than earlier anticipated, prospective requirements here and abroad may be down even more than production, since world textile markets are relatively stagnant at the present time.

As in the case of cotton, a small decline in the volume of U.S. exports of unmanufactured tobacco should be offset by an increase in unit prices, with the total value of shipments this year remaining around $800 million. Strong demand for high quality U.S. leaf should continue. Some decline in exports to European markets is expected to be offset by increases to markets in the Far East.

A different situation is in view for rice, with the volume of shipments likely to increase, but a fall in prices seen during fiscal 1975. This should result in the total value of rice exports remaining around $760 million.

World rice production is expected to be several million tons below last year's record crop, with excellent prospects in most of the world being offset by poor conditions in India, northeast Thailand, Bangladesh, and the People's Republic

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The value of U.S. exports of livestock and livestock products is likely to dip in fiscal 1975, since cattle and poultry numbers are high in all major world exporting countries. Trade in beef and poultry products is being hampered by severe restrictions on imports into Canada and the EC, and, in the case of beef, Japan.

U.S. exports of fruits and vegetables, as well as other miscellaneous products, are likely to remain around last year's levels in total value.

Three major economic factors are expected to influence the level of U.S. agricultural exports during fiscal 1975: Reduced world availability of feedgrains, the livestock situation, and the worldwide problems of financial liquidity and inflation. In many ways, these three factors are closely related.

Mainly because of smaller-than-anticipated production in the United States resulting from the Midwestern drought, world production of feedgrains in 1974-75 now appears to be down about 20.7 million metric tons, approximately 3.5 percent below the levels of last year. Since beginning stocks were lower on July 1, 1974, than a year earlier, the reduction in feedgrain supply is slightly greater.

However, there are some bright spots. The European Community will have about 10 million tons of surplus soft wheat from its 1974 harvest that can be used as livestock feed.

Although the Soviet Union's harvest is running a bit behind last year's record production, another large grain crop is expected in that country. Following two successive large harvests, the USSR should re-emerge as a net exporter of grain this year.

Japan, along with Western Europe, is a major buyer of U.S. feedgrains. Fortunately, the Japanese will be able to buy more corn this coming year from Argentina and South Africa—both of which have much better crops this year than last.

THE EC AND JAPAN have indicated to the United States that necessary adjustments are taking place to bring feedgrain supply and demand into balance. EC Commissioner for Agriculture Petris Lardinois has indicated that poultry and hog numbers in the EC will drop by perhaps as much as 10 and 6 percent, respectively, in the coming year. He also reported that the EC is feeding about 500,000 metric tons of wheat monthly above the level when feed use of wheat was being highly subsidized.

Cattle numbers are also likely to come down in the EC, but this is not as important a factor in feedgrain consumption as it would be is the United States, since most beef and dairy cattle are grass fed.

The Japanese have already purchased the feedgrains needed to cover their consumption requirements well into 1975, and they are unlikely to disturb the current market situation with additional major purchases.

The world livestock situation is a difficult one, particularly with respect to cattle. Cattle numbers have been building up over a long period of time and are today at a relatively high level. At the same time, producers are faced with both sharp increases in feed costs and falling demand because of consumer resistance to higher beef prices.

The necessary adjustments will not take place overnight. More cattle may be going to slaughter in the near term, which may result in an immediate softening of prices, but will likely mean higher prices later when the effects of reduced cattle numbers are seen.

Fortunately, pasture conditions in many important cattle- and beef-exporting countries, notably those in Australia and Central America, are excellent, and these countries are expected to carry cattle on grass until the marketing situation improves. Much of the additional slaughter will probably not be grain-fed beef.

It is far more difficult to estimate the likely effects on agricultural production, consumption, and trade that are resulting from the current sweeping changes in financial liquidity or the problems of rampant inflation being faced by practically all countries of the world.

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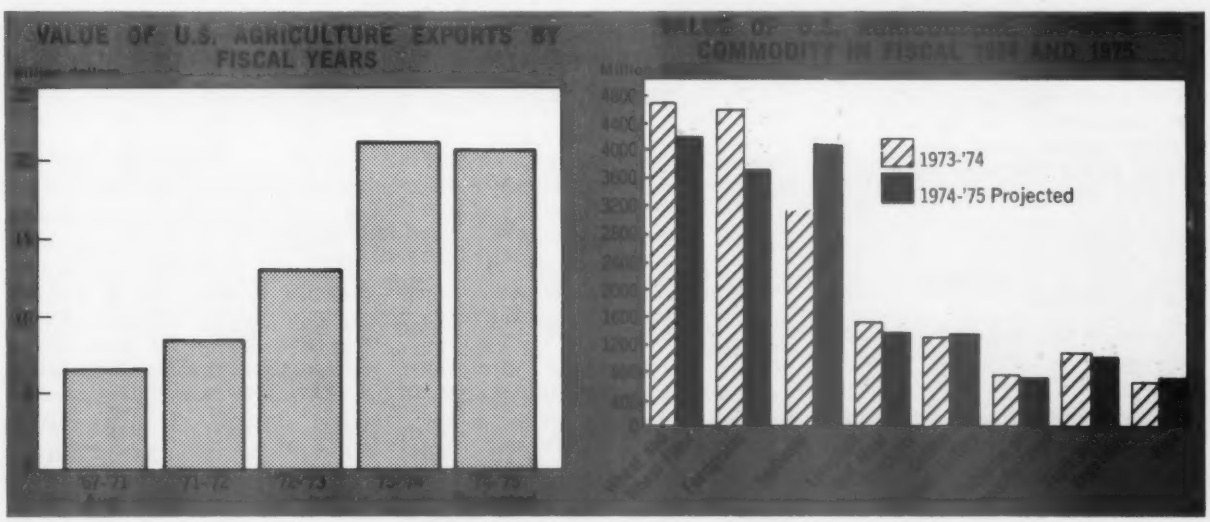
Continued on page 16



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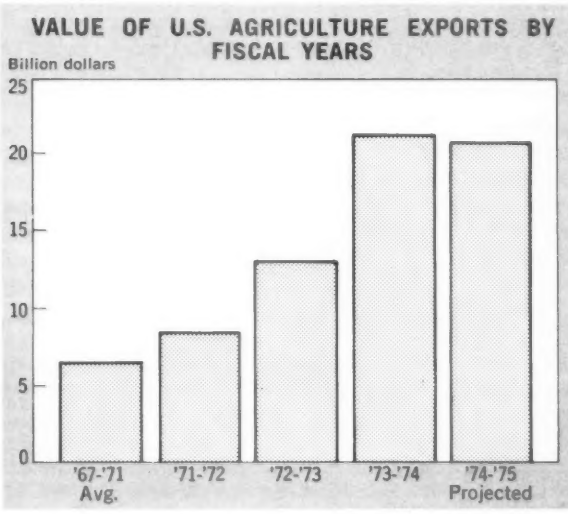
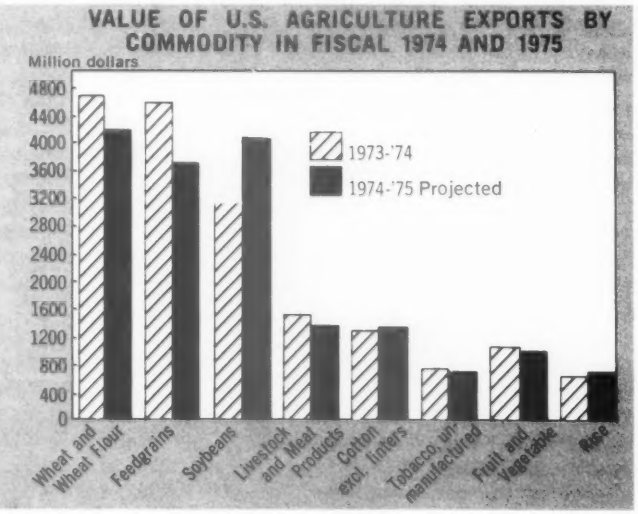




World Pork Output Facing Surplus But Quick Adjustment Seen

By JAMES O'MARA
Foreign Commodity Analysis,
Livestock and Livestock Products
Foreign Agricultural Service

FACED WITH THE same cost-price squeeze that has befallen the beef and poultry industries, hog producers around the world are confronting the dilemma of either maintaining herd numbers or accepting low producer prices, owing to a general slowdown in demand for red meat worldwide.

Although the situation varies somewhat in each major pork producing country, the trend toward increasing hog numbers during 1973 has resulted in larger pork availability this year—at a time when inflationary pressures are dampening consumer demand.

The situation is particularly acute in the European Community, where surplus pork is adding to the mountain of beef presently in storage. In North America, however, some downward adjustment of pork production has already occurred.

The sharp rise in pork output stems from an enormous buildup in hog numbers in 1973, when producers increased herds in response to higher prices for pork and products. As of January 1, 1974, hog numbers were above the level of the previous year in each of the ten countries with the largest hog populations. Worldwide, hog numbers are estimated to have advanced by some 20 million during 1973.

Unlike beef cattle production, however, hog numbers can be decreased relatively quickly—over about an 8-months' period. The wide fluctuations associated with hog prices are largely a result of the reproductive capacity of swine. Further, the size of the price swings tends to be magnified by the availability of corn.

In spite of high feed costs, U.S. producers report that farrowings for June-November 1974 will be only 2 percent below this period last year. But Canadian farrowings during January-May 1974 were reportedly 5 percent below those of last year and are expected to continue down. Correspondingly a reduction in farrowings is expected to occur in the European Community, as producers react to declining hog prices, combined with rising feed costs.

Higher slaughter early in 1974 also helped to reduce herds, as farmers in some countries reacted to the escalating price of feed by slaughtering breeding sows and marketing at lighter weights. The high rates of slaughter, combined with excess supplies of beef in many markets, have tended to depress hog prices in these areas.

In the EC, for example, average wholesale carcass prices have declined steadily since January 1974—reaching a low of about US$44 per 100 pounds the week of July 15—40 percent below prices of a year ago. In early August, prices had strengthened slightly. Hog slaughter in the Community is likely to increase significantly this fall, however, aggravating the surplus situation.

During the second quarter of 1974, hog prices in the United States slumped almost as dramatically as in Western Europe. In the seven major Midwestern markets, liveweight hog prices during April-June 1974 were 30 percent below prices for these months in 1973. Stepped-up marketings in the second quarter caused U.S. pork supplies to increase by 12 percent, compared with last year.

Traditionally, U.S. prices for hogs have followed a fairly consistent cycle of rises and depressions within a 3- to 4-year period. While the full production cycle of breeding to slaughter averages 11 months, farmers do not normally increase herd size until they are assured that a price increase is relatively permanent.

Hog producers will continue to face uncertainties in determining their production plans, particularly in view of corn prices that have advanced dramatically since last year. While all red meat animals consume feedgrains, swine are unable to utilize forage as do cattle and sheep, and are therefore much more dependent on concentrate feeds than other livestock. The addition of millions of hogs to the world's supplies during 1973 enhanced the competition for feedgrains among the poultry, cattle, and sheep populations.

The limited mobility of pork in trade channels is a factor that contributes to the accumulation of surpluses. The potential to move pork outside normal border trade channels is much less than that for beef, owing to religious laws

PER CAPITA PORK CONSUMPTION IN SELECTED COUNTRIES
[In pounds]

Country	1968	1969	1970	1971	1972
West Germany	81	80	84	90	93
Denmark	79	77	88	80	87
Netherlands	57	54	56	64	63
European Community (avg.)	59	58	59	63	65
United States	66	65	66	73	67
Canada	57	55	60	67	61
Japan	12	12	14	16	18

WORLD PORK PRODUCTION
[In million metric tons][1]

Country	1969	1970	1971	1972	1973
People's Republic of China[2]	8,300	8,513	8,626	8,800	(3)
United States	5,875	6,095	6,710	6,181	5,739
USSR	2,878	3,194	3,710	3,769	3,515
West Germany	2,166	2,213	2,378	2,354	2,237
France	1,180	1,234	1,356	1,386	1,388
European Community	6,522	6,839	7,437	7,485	7,457
Other	4,291	4,614	4,875	5,403	6,075

[1] Carcass weight basis. Includes edible pork fat; excludes offal, lard, and inedible greases. [2] FAO estimate. [3] Not available.

Clockwise from right: Central hog marketing facility in West Germany—top pork-consuming country. Hog carcasses are graded in a Danish slaughterhouse. Taiwanese farmer uses a switch to guide his Berkshire boar. Hog raising is an important component of Italy's livestock economy, and most pork is consumed domestically.

and health regulations.

The world's leading exporters of pork include Denmark, the Netherlands, Belgium, and Poland. In 1972, these nations accounted for nearly 70 percent of all pork exports. Most of this pork, however, is traded internally within the well-protected EC market, going principally to the United Kingdom, West Germany, and France.

Other large EC markets include Sweden, Spain, Austria, the United States, and Japan. Pork imported by the United States from Denmark and the Netherlands, as well as Poland, consists largely of specialty items such as canned hams and other processed pork.

Before Denmark became a member of the EC, the Six were on the verge of approaching self-sufficiency in pork production. Now that Denmark is a member, the EC is in a surplus position. Although the United Kingdom is the world's largest pork importer, its production has increased to over 1 million metric tons. While Ireland is not a large pork producer compared with other producing countries, about 42 percent of its production is exported—with the majority going to the United Kingdom, much as bacon.

The EC is virtually a closed market for imports owing to the Common Agricultural Policy on pork. Imports of pork from third countries are subject to a complicated variable levy system which consists of: A minimum import price plus an ad valorem tax of 7 percent, an import levy, and in some instances a supplementary levy.

The minimum import (sluice-gate) price is calculated from the cost of pork

production in member countries. The import levy is based on the difference in the cost of feed required to produce 1 kilogram of pork in the EC, compared with third countries. The supplementary levy is applicable when the c.i.f. import price is below the minimum import price. In addition to the above import barriers, the domestic price of pork is supported by governmental intervention, triggered when domestic prices fall below a designated level.

The United States was the world's third largest importer of pork in 1972. Virtually all fresh, chilled, and frozen pork entering the United States is of Canadian origin. Because of nearly equal offsetting duties on pork, border trade between the United States and Canada depends upon prices and transportation costs.

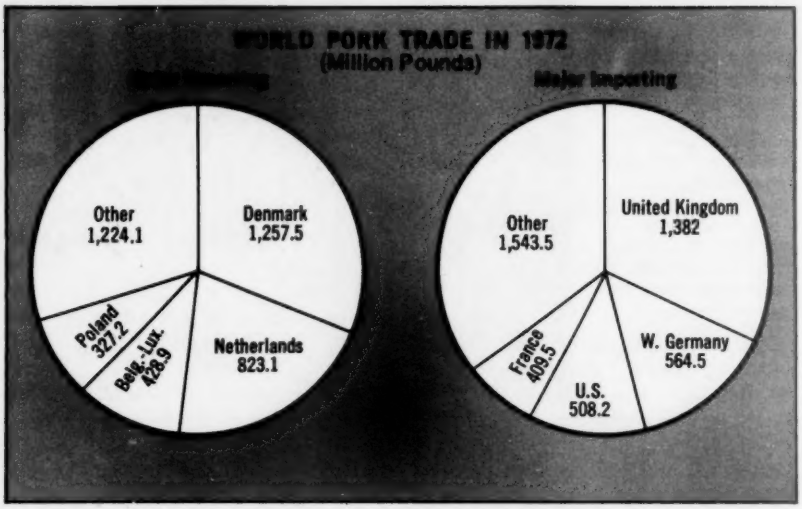
Specialty cuts such as hams and backs (Canadian bacon) flow steadily into the United States. Because of the more stringent grading system in Canada, boars, stags, and sows are sold on U.S. markets. During the month of May and the early part of June, Canadian live hog exports increased to neighboring markets in Minnesota, which served to depress declining U.S. prices further.

U.S. pork exports are small, relative to imports, and move mainly to Canada and Japan. U.S. exports to Canada consist primarily of pork bellies and loins, while Japan has been the largest market for U.S. chilled and frozen boneless pork.

Japan was the world's seventh largest importer of pork in 1972. Although Japanese pork production has increased significantly, going from 1.1 billion pounds in 1968 to 2.1 billion pounds in 1973, demand normally exceeds the country's capacity to produce. The Japanese Government continues to maintain an import policy which reflects strong protection for its growing pork industry.

The Japanese too, have a variable levy system for pork. The complex system is made up of minimum, midpoint, and ceiling prices, which aid in the control of imports. The duty charged on carcass pork is the greater of 10 percent ad valorem or the difference between the midpoint and the c.i.f. price.

Pork imports are not allowed when the domestic wholesale price of pork is below the minimum price. Normally when the wholesale price of pork exceeds the ceiling, the levy is waived.



Experiencing declining prices in the fall of 1973 as a result of slackening demand, the Japanese Government raised the wholesale support or floor price of pork, and in conjunction, the ceiling price was raised. The new midpoint price—the minimum duty paid on imports—settled at about 93 cents per pound. At this time, the United States computed that wholesale f.o.b. price for carcass pork was approximately 46 cents per pound. As a means of bringing about the higher support price, discretionary licensing or Government purchasing, or both, are carried out.

Since April, the average wholesale price of carcass pork in Japan has only risen above the ceiling price during the last 2 weeks of August. Until the wholesale domestic price stabilizes above the ceiling price, the Japanese Government is not expected to waive the variable levy.

Of the ten largest pork-producing countries, five are within the EC—West Germany, France, the United Kingdom, Denmark, and the Netherlands. The other five largest are the People's Republic of China, the Soviet Union, the United States, Poland, and Japan.

Japan's pork production is noteworthy as the country ranks 16th in hog numbers but 8th in pork production, while the Netherlands ranks 19th in numbers but 10th in production. Over the past 4 years, from 1969 through 1973, Denmark, France, Japan, and Taiwan have increased their production every year. During this period, Japan and Taiwan increased their production by at least 60 percent.

Although the USSR and the People's Republic of China have larger hog populations than the United States, their pork production is not commensurate with their hog numbers. While the Soviet Union had approximately 8.9 million more hogs than the United States in 1973, the United States produced 2.2 million metric tons more pork, on a carcass weight basis.

Per capita pork consumption in 1972 in the world's ten largest pork porducers varied from a high of 93 pounds in West Germany to a low of 18 pounds in Japan. Western Europe has by far the highest per capita consumption, compared with the rest of the world. With the exception of Italy, each of the EC countries' consumption exceeds 60 pounds per capita. Consumption in the rest of West Europe is also comparatively large, with the highest rates in Austria, Switzerland, and Sweden.

Outside of Western Europe, Canada and the United States account for most of the pork consumption—averaging between 60-70 pounds per capita. While pork consumption has been increasing in Western Europe, it has been declining in the United States. The relative difference in consumer preference in the United States for beef over pork, as opposed to Europe, is reflected in the large production of beef in the United States.

Consumption in South America is less than 20 pounds per capita, with the exception of Argentina. Data on pork consumption in Asia are incomplete, but indications are that it is rising, while that of the Middle Eastern and African nations remains low, owing to religious customs and dietary habits.

West Germany's Feed Production Doubles Over 10-Year Period

By PAUL HESS
Office of U.S. Agricultural Attaché
and HOMER F. WALTERS
Assistant U.S. Agricultural Attaché
Bonn

PRODUCTION of mixed feed in West Germany, responding to the trend toward more efficient feeding of livestock and improved animal nutrition, has more than doubled in the past 10 years. Although the rate of growth has now declined, all indications are that production will continue to rise.

Total mixed feed production was a little over 5 million tons in 1962-63. In 1972-73 it was 10.8 million tons—more than double the total of 10 years earlier. The grain used in mixed feed rose from about 2.1 million tons to about 4 million in the same period, but the grain share declined from 43 percent to 37 percent.

The increased demand for mixed feeds also was due to West Germany's increasing livestock population in the 1960's, a trend that still applies to poultry and hog numbers but not to cattle numbers.

During the past 5 years, cattle numbers have declined substantially, and the decline in the number of farms with cattle has been even greater. In 1968, 955,000 farmers raised about 14 million animals, an average of 14.7 head per farm.

By 1972, almost one-fourth of these farmers had ceased raising cattle, and, although the total number of animals also had declined, the average herd had risen to 18.6 animals.

The cow-slaughter program proposed by the European Community provided the incentive for West German cattle raisers to reduce their herds and thus assist the Community in cutting back the burdensome cost of support programs for butter and milk. Larger herds invited—in fact, required—more efficient feeding.

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The trend also was evident among hog raisers. Hog numbers grew by 7 percent between 1968 and 1972, but mixed feed production was higher by a strong 57 percent. Again, concentrated hog production was a key factor. Hog raisers declined from 1.18 million in 1968 to 873,000 in 1972, and the number of pigs per farm increased from 15.9 to 22.9.

But the most spectacular change in mixed-feed consumption has been in the poultry industry, where production concentration has grown substantially. The number of poultry raisers dropped from almost 2 million in 1968 to about 1.2 million 5 years later.

At the same time, the total number of birds—chickens, turkeys, geese, ducks—increased by more than 11 percent. Mixed poultry feed production grew by 13.5 percent in the same period. Most of the growth came in broilers. Mixed feed consumption by layers has lagged, and in 1972-73 declined slightly.

Over the long run, greater production of mixed feed should encourage greater use of grain. The share of grain used in commercially mixed feed has increased steadily from less than 20 percent in 1968-69 to over 25 percent in 1972-73.

About two-thirds of the total grain fed, however, is still being fed on the farms on which it is grown, and less bulk grain is being bought from the market to supplement farm feeding.

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Denatured wheat and corn prices were deemed acceptable, and these two commodities took up the slack created by decreased protein usage. In July-December 1971, more than 4.1 million tons of mixed feeds were manufactured.

Two years later, the total was more than 5.3 million tons, and the grain portion had increased from 1.5 million tons to 2.2 million—a gain of from 37.7 percent to 40.5 percent.

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Will the increased use of grain in mixed feeds be sustained? Probably. Production of poultry meat and eggs is expected to increase by 5 percent in 1975. Pork output is expected to rise by about 3 percent, beef by 5 percent, and milk by 2 percent.

The use of wheat in feed is expected to rise even without the denaturing premium, unless Community exports of wheat are significantly increase.

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production in member countries. The import levy is based on the difference in the cost of feed required to produce 1 kilogram of pork in the EC, compared with third countries. The supplementary levy is applicable when the c.i.f. import price is below the minimum import price. In addition to the above import barriers, the domestic price of pork is supported by governmental intervention, triggered when domestic prices fall below a designated level.

The United States was the world's third largest importer of pork in 1972. Virtually all fresh, chilled, and frozen pork entering the United States is of Canadian origin. Because of nearly equal offsetting duties on pork, border trade between the United States and Canada depends upon prices and transportation costs.

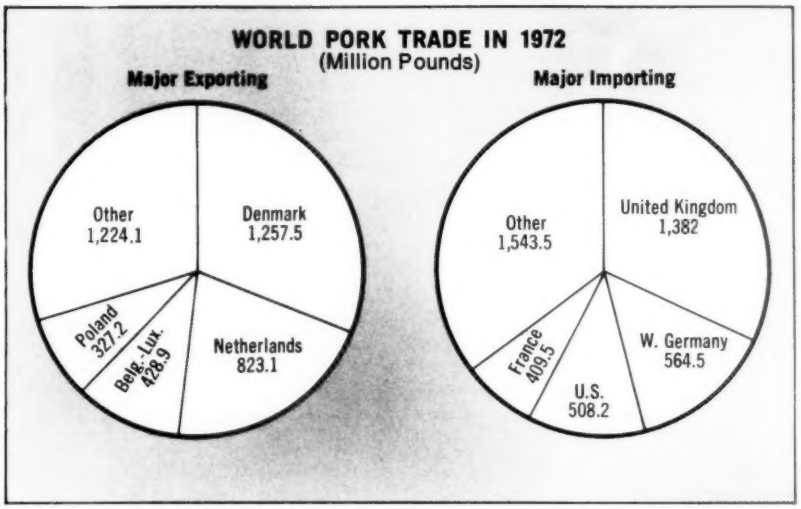
Specialty cuts such as hams and backs (Canadian bacon) flow steadily into the United States. Because of the more stringent grading system in Canada, boars, stags, and sows are sold on U.S. markets. During the month of May and the early part of June, Canadian live hog exports increased to neighboring markets in Minnesota, which served to depress declining U.S. prices further.

U.S. pork exports are small, relative to imports, and move mainly to Canada and Japan. U.S. exports to Canada consist primarily of pork bellies and loins, while Japan has been the largest market for U.S. chilled and frozen boneless pork.

Japan was the world's seventh largest importer of pork in 1972. Although Japanese pork production has increased significantly, going from 1.1 billion pounds in 1968 to 2.1 billion pounds in 1973, demand normally exceeds the country's capacity to produce. The Japanese Government continues to maintain an import policy which reflects strong protection for its growing pork industry.

The Japanese too, have a variable levy system for pork. The complex system is made up of minimum, midpoint, and ceiling prices, which aid in the control of imports. The duty charged on carcass pork is the greater of 10 percent ad valorem or the difference between the midpoint and the c.i.f. price.

Pork imports are not allowed when the domestic wholesale price of pork is below the minimum price. Normally when the wholesale price of pork exceeds the ceiling, the levy is waived.



Experiencing declining prices in the fall of 1973 as a result of slackening demand, the Japanese Government raised the wholesale support or floor price of pork, and in conjunction, the ceiling price was raised. The new midpoint price—the minimum duty paid on imports—settled at about 93 cents per pound. At this time, the United States computed that wholesale f.o.b. price for carcass pork was approximately 46 cents per pound. As a means of bringing about the higher support price, discretionary licensing or Government purchasing, or both, are carried out.

Since April, the average wholesale price of carcass pork in Japan has only risen above the ceiling price during the last 2 weeks of August. Until the wholesale domestic price stabilizes above the ceiling price, the Japanese Government is not expected to waive the variable levy.

Of the ten largest pork-producing countries, five are within the EC—West Germany, France, the United Kingdom, Denmark, and the Netherlands. The other five largest are the People's Republic of China, the Soviet Union, the United States, Poland, and Japan.

Japan's pork production is noteworthy as the country ranks 16th in hog numbers but 8th in pork production, while the Netherlands ranks 19th in numbers but 10th in production. Over the past 4 years, from 1969 through 1973, Denmark, France, Japan, and Taiwan have increased their production every year. During this period, Japan and Taiwan increased their production by at least 60 percent.

Although the USSR and the People's Republic of China have larger hog populations than the United States, their pork production is not commensurate with their hog numbers. While the Soviet Union had approximately 8.9 million more hogs than the United States in 1973, the United States produced 2.2 million metric tons more pork, on a carcass weight basis.

Per capita pork consumption in 1972 in the world's ten largest pork porducers varied from a high of 93 pounds in West Germany to a low of 18 pounds in Japan. Western Europe has by far the highest per capita consumption, compared with the rest of the world. With the exception of Italy, each of the EC countries' consumption exceeds 60 pounds per capita. Consumption in the rest of West Europe is also comparatively large, with the highest rates in Austria, Switzerland, and Sweden.

Outside of Western Europe, Canada and the United States account for most of the pork consumption—averaging between 60-70 pounds per capita. While pork consumption has been increasing in Western Europe, it has been declining in the United States. The relative difference in consumer preference in the United States for beef over pork, as opposed to Europe, is reflected in the large production of beef in the United States.

Consumption in South America is less than 20 pounds per capita, with the exception of Argentina. Data on pork consumption in Asia are incomplete, but indications are that it is rising, while that of the Middle Eastern and African nations remains low, owing to religious customs and dietary habits.

West Germany's Feed Production Doubles Over 10-Year Period

By PAUL HESS
Office of U.S. Agricultural Attaché
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Assistant U.S. Agricultural Attaché
Bonn

PRODUCTION of mixed feed in West Germany, responding to the trend toward more efficient feeding of livestock and improved animal nutrition, has more than doubled in the past 10 years. Although the rate of growth has now declined, all indications are that production will continue to rise.

Total mixed feed production was a little over 5 million tons in 1962-63. In 1972-73 it was 10.8 million tons—more than double the total of 10 years earlier. The grain used in mixed feed rose from about 2.1 million tons to about 4 million in the same period, but the grain share declined from 43 percent to 37 percent.

The increased demand for mixed feeds also was due to West Germany's increasing livestock population in the 1960's, a trend that still applies to poultry and hog numbers but not to cattle numbers.

During the past 5 years, cattle numbers have declined substantially, and the decline in the number of farms with cattle has been even greater. In 1968, 955,000 farmers raised about 14 million animals, an average of 14.7 head per farm.

By 1972, almost one-fourth of these farmers had ceased raising cattle, and, although the total number of animals also had declined, the average herd had risen to 18.6 animals.

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Prices of All Consumer Goods Rise Faster Than Food Prices

WORLD RETAIL PRICES of all consumer goods advanced in 11 world capitals between July 3 and September 3, according to a survey by U.S. Agricultural Attachés. Food prices, however, advanced in only nine of the cities.

West Germany and the United Kingdom experienced slight declines in food prices during the 2-month period. But an overall upward creep is expected in food prices because of world inflationary trends.

Milk and cooking oil, two major food items in worldwide use, are included in the FAS survey for the first time. Prices quoted are for whole milk and the most commonly used vegetable oil in the respective country.

The highest milk price in the new survey is in Japan—60 cents per quart—and the lowest is in Argentina at 14 cents.

Sweden has the highest cooking oil price—$3.68 per quart. Japan has the lowest price for this item—61 cents. The Japanese preference is for a blend of soybean and rapeseed oil.

In the United States, the Consumer Price Index (CPI) rose 0.8 percent in July, due in part to higher mortgage interest costs and increased prices of automobiles, restaurant meals, and medical care. In the same period, the Food Price Index rose 0.1 percent.

The effect of the increases in the CPI was partially offset by lower prices of apparel and some food items—notably fresh fruit and vegetables.

On a seasonally adjusted basis, the rise in the July CPI also was 0.8 percent, compared with an increase of 1 percent in June and 1.1 percent in May. The slower rise in July was due to a decline in the food index of 0.4 percent after seasonal adjustment.

Despite the world surplus of most meat animals, there were as many retail meat price increases as decreases. The meat price changes did not follow a pattern, but reflected mainly local supply situations and government regulations.

Italy's beef price increases were stimulated by a 6-18 percent rise in the value-added tax and by an import embargo on beef and veal. A shift away from beef has caused strong demand and higher prices for poultry and eggs.

In Brazil, chuck roast and pork prices reflect short supplies.

Japanese meat prices trended up, reflecting Government nonaction in setting import quotas.

Belgian beef and pork prices must, by Government order, be reduced by 5 and 10 percent in the period August 16-October 31. This order is designed to bring retail prices into line with current

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
United States	July	139.7	+0.1	+1.2	+13.9
Canada	July	146.3	+1.0	+5.2	+16.3
Japan	July	157.6	+2.9	+ .2	+28.0
United Kingdom	July	163.2	− .4	+2.3	+17.0
Denmark	June	144.4	+ .4	+2.3	+ 9.9
Germany	July	124.1	− .6	+ .6	+ 3.6
Italy	July	144.8	+2.3	+4.3	+15.8
Belgium	July	126.0	+2.3	+4.4	+ 3.5
Netherlands	July	128.1	+ .5	+1.3	+ 6.3
France	June	141.1	+ .9	+3.7	+13.5
Brazil	July	231.5	+2.3	+5.1	+40.6

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, SEPTEMBER 4, 1974
[In U.S. dollars per lb., converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Roast, pork, boneless	Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	C coo qu
Bonn	3.37	2.14	3.37	1.87	2.07	3.54	0.71	0.89	1.28	1.47	0.34	1.
Brasilia	1.15	1.15	2.23	1.86	2.23	2.33	.66	.67	1.18	1.87	.20	1.
Brussels	2.80	1.56	1.36	1.47	3.16	1.47	.86	.87	1.29	1.51	.33	1.
Buenos Aires[1]	.83	.42	.47	.43	([2])	1.20	.49	.75	.98	1.48	.14	.
Canberra	1.99	.97	1.58	1.57	2.51	2.21	1.39	1.27	.99	1.34	.45	1.
Copenhagen	3.97	1.62	([2])	2.09	2.37	2.16	.92	1.22	1.16	1.40	.31	[3] 2.
London	2.73	1.20	.97	1.34	1.34	1,76	.58	.79	.51	.83	.16	1.
Mexico City	1.23	1.18	1.94	1.45	2.43	1.40	1.36	.88	1.87	1.76	.27	1.
Ottawa	2.02	1.21	1.75	1.71	1.78	1.39	.84	.82	.90	1.35	.44	1.
Paris	2.40	1.37	1.74	1.51	2.15	2.84	.84	.42	1.31	1.27	.30	1.
Rome	2.75	1.92	1.58	1.72	1.84	1.43	1.06	.97	1.58	1.10	([2])	
Stockholm	4.12	1.72	3.17	2.08	2.67	2.27	1.02	1.18	1.19	1.53	.28	[3] 3.
The Hague	3.25	2.09	2.36	1.66	1.66	2.66	.67	.95	1.17	1.17	.28	1.
Tokyo	15.00	3.60	2.48	2.55	2.68	4.35	([2])	([2])	1.22	2.64	.60	.
Washington	2.56	1.32	2.89	1.92	1.34	1.15	.63	.81	.82	1.35	.44	1.
Median	2.73	1.37	1.84	1.71	2.19	2.16	.84	.88	1.18	1.40	.31	1.

[1] Government ceiling prices are listed for meat. [2] Not available. [3] Not commonly used for cooking.

livestock prices. The survey shows a decline in beef prices of 4 percent and in pork prices of 9 percent.

In Argentina, by contrast, beef chuck rose 11 percent and sirloin steak by 20 percent, reflecting the August 19 increases in ceiling prices set by the Government. Prices of pork and bread, however, remain unchanged.

Australia experienced only minor reductions in retail beef prices, despite sharp declines in cattle auction prices. Poultry prices rose because of higher feed costs.

The United Kingdom reports criticism of continuing high retail meat prices in the face of declining cattle prices. Cheaper beef cuts show a slight decline since July, but more expensive cuts and all forms of pork are higher than in July.

Canadian pork prices are likely to remain firm in the face of a predicted production decline in the fourth quarter.

French pork prices declined 7.5 percent, reflecting reduced wholesale prices and a continuing oversupply of pork.

Mexico has experienced general food price increases over the past 6 months—a trend that is causing consumer concern.

Almost all countries experienced lower prices on in-season vegetables. Belgian onion prices, for example, were down 45 percent from July. In Canada, however, fruit and vegetable processors and bakeries predict price increases, citing higher labor costs.

Japanese milk prices edged up, but adequate supplies are available.

Tomatoes	Onions, yellow	Apples	Oranges, dozen	Bread, white, pkgd.
0.27	0.19	0.40	2.25	0.51
.27	.39	.25	.52	.68
.37	.11	.21	1.74	.23
.42	.08	.13	.85	.26
.58	.30	.49	1.43	.57
.73	.43	.52	1.66	.48
.32	.20	.23	1.55	.34
.18	.14	.35	1.09	.28
.29	.25	.44	1.00	.44
.20	.18	.45	1.82	.60
.27	.17	.22	1.68	.34
.66	.48	.50	1.54	.68
.16	.08	.24	1.27	.15
(2)	.19	.92	4.43	.44
.50	.21	.38	1.32	.35
.31	.19	.38	1.54	.44

Record German Grain Crop Seen Cutting Country's Import Needs

Favorable weather and ample producer incentives have propelled West German grain production this year to another record, tentatively forecast 4 to 7 percent above the record 1973 crop. This large output is seen lessening German needs for imported U.S. grains in 1974-75—although the country will remain a major market—and reinstating more typical trade patterns following some dramatic changes last year.

Based on a computerized weather and soil moisture data collation system, the West German Government has officially forecast the country's grain production at 22.7 million metric tons for a 7.2-percent gain from the record 21.2 million tons of 1973-74. Most trade sources, however, look for a more modest increase of about 3.7 percent to 22 million tons. Growth is expected in all crops except winter mixed grains.

Grain harvesting this year has been delayed by frequent rains, but so far abnormal damage has neither been reported nor observed.

Because of these bumper crops—plus good crops in other countries of the European Community—West Germany is not expected to need the record amounts of non-EC feedgrains that it imported in fiscal 1974. It will, on the other hand, be importing more wheat than last year's small purchases.

Current trade forecasts for fiscal 1975 point to total German imports of 2 million tons of wheat (compared with 2.3 million in fiscal 1974), 3.2 million of corn (3.3 million), 1.6 million of barley (1.5 million), and 500,000 of oats (490,000).

Imports of wheat from the United States are expected to rise some 20 percent from the low fiscal 1974 level to 300,000 tons, while those of U.S. corn may ease by 17 percent to around 1.9 million tons—this, of course, also depending on U.S. supplies available for export and prices in relation to other grains. In addition, purchase of U.S. barley and oats are forecast at 100,000 tons each, for declines of a half and two-thirds, respectively, from the fiscal 1974 levels.

These changes indicate some normalization of trade patterns following dramatic shifts in German grain sources.

Fiscal 1974 began with extreme worry about availability of U.S. grains and the possibility of quotas, such as those then in effect on soybeans, being placed on U.S. grain exports. This concern—underlined by Germany's dependence on the United States to supply over a third of its feedgrain imports and by the shortage then of corn from France, the other major supplier—helped boost German imports of U.S. feedgrains more than 20 percent in fiscal 1974 to an all-time high of 2.3 million tons. Other factors were favorable U.S. prices at that time relative to prices of other suppliers, increased German livestock numbers, and more efficient feeding practices.

In any case, the United States last year ended up with 45 percent of West Germany's coarse grain market, compared with 37 percent for the EC-9. In fiscal 1973, by contrast, the shares had been about equal at 38 percent for the United States and 39 percent for the EC-9.

At the same time, an unusually high-quality EC wheat crop allowed West Germany to fill most of its fiscal 1974 wheat requirements with EC grain, while imports of U.S. wheat plummeted by more than a half to 250,000 tons. The result was that in fiscal 1974 the EC-9 (mainly France) accounted for 73 percent of West German grain imports, compared with 58 percent the previous year. U.S. share, on the other hand, dropped to about 12 percent from over 25 percent the year before.

But the situation continues to change, and fiscal 1975 is witnessing some rather dramatic reversals of conditions that prevailed in fiscal 1974.

The Midwestern drought and resulting 12 percent drop in U.S. corn production, for instance, has reduced availability and upped prices of U.S. corn, while 1974 crops in the EC—including the important French production—have been quite large. These larger crops, plus last year's heavy feedgrain imports, are boosting German stocks—including both Government and privately held stocks.

At the same time, West Germany faces feeding adjustments resulting from the current EC beef and broiler oversupply and from efforts being under-

Continued on page 16

Supermarket Numbers Climb As Japanese Rush to Beat Deadline

THE NUMBER OF JAPANESE supermarkets was given an upward push during Japan's 1973 fiscal year (JFY—April 1, 1973-March 31, 1974) by a law that regulates the location, and indirectly the number, of large stores, according to a survey by two of Japan's leading weekly newspapers.

Called the "Big Retail Store Law," the ordinance put supermarkets under the same restrictions Japan's now defunct "Department Store Law" placed on department stores. Under the current law, retail concerns require agreement of neighborhood residents and merchants before being permitted to establish stores having a floor space of about 3,600 square feet or more in Japan's 10 largest cities and 1,800 square feet or more in Japan's smaller cities. The new regulation went into effect in March of this year.

Rushing to beat the law's effective date, supermarket chain officials—whose organizations are among the country's top 200 retailers—upped the number of outlets by 38.9 percent. This compared with a 19.3 percent increase registered by department stores within the same group during the same period.

Supermarkets also outdistanced department stores in sales growth in JFY 1973. According to the survey, supermarkets evaluated in urban areas (36 in number) recorded a sales growth of 45.21 percent, while sales in the 29 department stores surveyed in urban areas jumped a much smaller 22.6 percent. In provincial districts, 37 surveyed supermarkets recorded a sales growth of 32.21 percent, while 61 provincial area department stores pushed sales up by 22.78 percent.

The newspaper survey by the *Nihon Keizai Shinbun* and its sister weekly, the *Nikkei Ryutsu Shinbun*, also revealed the gradual tilt of power among retailers.

According to the survey in JFY 1973, there were 47 department stores, 45 supermarkets, and 8 specialty shops among the top 100 retailers in the country. A similar survey covering JFY 1972 showed the top 100 retailers numbered 50 department stores, 40 supermarkets, and 10 specialty shops. Thus the net losses and gains were: Department stores, minus three; supermarkets, plus five; specialty shops, minus two.

Supermarket chains have also been expanding the size of their stores. Several newly established units are now as large as some department stores, covering a floor space of between 24,000 and nearly 30,000 square feet. This expansion has enabled supermarkets to add a wide variety of products such as clothing and durable consumer goods to a sales line that has generally consisted of foods and general merchandise. The drive by supermarkets to become more like department stores—many of which also have food departments—reflects efforts to further raise supermarket efficiency to compensate for the sharp jump in construction costs plus the increases in overhead expenditures brought on by Japan's inflation.

This year's survey found that earnings of both supermarkets and department stores were less than the previous year's. This decline was generally attributed to higher wage costs and interest rates on borrowed money.

According to the survey, net profits of department stores in big cities were 1.7 percent of sales, compared with 1.41 percent for department stores in provincial cities, 1.08 percent for supermarkets in big cities, and 1.47 percent for those in provincial cities.

The relatively higher profit rate for large city department stores is attributed to increased sales to better paid city workers of expensive items having higher gross profit margins.

In provincial cities, where wages are lower, supermarkets racked up better records than department stores because of their price competitiveness, growing out of the economies accompanying operation of large networks of stores.

FAS and its cooperators often participate in promotions of U.S. food products with Japanese supermarkets and department stores, although the department stores habitually offer a wider variety of U.S. foods.

Despite the rapid growth in the numbers of supermarkets, most of Japan's retail marketing of food is still done by small specialized food stores.

Right, food department in a large Tokyo supermarket. Far right, meat department in a Sendai, Japan, department store. Posters to encourage the purchase of U.S. poultry and beef during an FAS-sponsored point-of-purchase promotion are shown in the background.

World Palm Oil Output Headed For 13 Percent Rise in 1974

By ROSS L. PACKARD
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Foreign Agricultural Service

WORLD production of palm oil is continuing its upward trend in 1974, and total output is forecast at 2.6 million metric tons, up 13 percent or 287,000 tons above 1973 levels.

More than half of this increase is expected to be from West Malaysia—the result of improvement in rainfall plus an increase in harvested acreage.

Production in Sabah, Indonesia, and Ivory Coast probably will increase, due to larger harvested acreage. Zaire will be the only major producer-exporter country showing a decline in production in 1974.

These five countries will produce almost 1.7 million tons of palm oil this year—about 65 percent of total world production. In terms of exports, they are expected to account for 98 percent of the 1.5 million tons of palm oil that will enter world trade this year—an increase of 23 percent over 1973 levels and a direct reflection of the rising importance of palm oil in the overall vegetable oil picture.

World palm oil output in 1975 is forecast at 2.8 million tons, and will likely reach 4.3 million tons in 1980. World exports in 1975 could exceed 1.7 million tons. Higher oil prices will encourage increased exports and expansion of planted acreage of palm trees.

Export trade in palm oil is expected to continue growing during the next 5 years. Palm oil will be a major contender in world markets, and exports by 1980 could approach 3.1 million tons. Exports from Malaysia alone could exceed 2.3 million tons.

Palm oil exports in 1973 at 1.2 million tons were 9 percent, or 102,000 tons, higher than the 1972 world export level of 1.1 million tons. Heavier shipments from West Malaysia, the Sabah area of East Malaysia, Indonesia, and Ivory Coast accounted for the increase and more than offset the decline in exports from Zaire and other African producing countries. Exports from these five major producer-exporter countries are expected to exceed 1.4 million tons in 1974, and may reach 1.7 million tons in 1975.

West Malaysia's exports of palm oil have been increasing annually for the past decade, and are forecast at 880,000 tons in 1974, up 22 percent or 156,000 tons from the 1973 total.

These exports will account for almost 97 percent of West Malaysian production. The rapid increase in production and exports has required considerable modernization of the palm oil industry and related facilities.

New highways, bulk installations, and port facilities are being constructed where necessary to ensure that palm oil can enter world trade with minimum delay. Exports in 1975 are expected to reach 1.07 million tons, and possibly 2.05 million tons in 1980.

East Malaysian exports of palm oil—virtually all from Sabah—are forecast at 115,000 tons in 1974, about 135,000 tons in 1975, and 270,000 tons by 1980.

This forecast is based on the increasing number of oil palms in Sabah that are reaching fruit-bearing stage and thus increasing palm oil production moving directly into world trade. Only minimal amounts of oil are retained for domestic consumption.

Most of Indonesia's palm oil is for the world market, and exports in 1974 are forecast at 300,000 tons or 92 percent of production. A likely increase of 8 percent in palm oil production in 1975 indicates that exports from Indonesia may reach 325,000 tons in 1975, with 7-8 percent of the production used domestically. By 1980, exports could exceed 400,000 tons.

Ivory Coast is another producer-exporter country where increasing numbers of mature oil palms are boosting both production and exports. The country probably will export 80,000 tons of palm oil in 1974, up 45 percent from the 55 000 tons exported in 1973. In 1975, about 95,000 tons probably will be exported.

Since only 50-60 percent of production is now being exported and the rest is consumed domestically, it is likely that there will be further increases in exports from Ivory Coast.

The area planted to oil palm is expected to increase, and a greater portion of the crop is likely to enter world trade. However, the completion of a large palm oil refining plant in 1973 means more of the crop will be exported as refined oil. By 1980, exports of palm oil from Ivory Coast may be 200,000 tons—about 80 percent of the annual crop.

Zaire will be the only major producer-exporter country showing a decline in exports in 1974. Palm oil exports probably will not exceed 65,000 tons, down 7 percent from 1973. The downward trend in production and exports is expected to continue over the next few years. By 1980 or earlier the point will be reached at which no palm oil will be exported from Zaire, and imported vegetable oil will be needed to meet domestic demand.

European countries still consume the greatest share of world palm oil imports. Major importing countries took a record 1.19 million tons in 1973, up 12 percent or 127,000 tons, from the 1.06 million tons imported in 1972.

Through 1971, imports by European countries accounted for roughly three-fourths of the world total and in 1972-73 for more than 60 percent. In the same 2 years, larger quantities of palm oil were imported by the United States, Japan, Iraq, and India.

Europe's largest importers of palm oil include the United Kingdom, the Netherlands, and West Germany, followed by France, Italy, and Belgium-Luxembourg. Imports by these countries in 1973 totaled 693,000 tons, representing 95 percent of Europe's imports and 58 percent of total world trade.

Principal suppliers of palm oil to these countries and to the United States are West Malaysia and Indonesia. Zaire ships some palm oil to the Netherlands, and Singapore re-exports palm oil to the United Kingdom.

The world share of palm oil being exported to the United States is increasing. U.S. imports of palm oil now amount to almost 15 percent of total world trade in this commodity. In 1966, only 6 percent of exported palm oil was sold to the United States, but by the

end of the decade this share had increased to 10 percent

Of the 1.2 million tons of palm oil exported in 1973, about 15 percent, or 175,600 tons, moved to the United States. In 1972, the United States purchased 18 percent of world palm oil exports.

The major sources for U.S. imports are Malaysia, with 1973 shipments totaling more than 111,600 tons, and Indonesia, with 60,700 tons. Imports during first-half 1974 declined, due to higher prices and lack of availabilities. Larger imports will be required in the final 5 months of 1974 to meet U.S. needs.

Palm oil will be a likely source of increased competition for U.S. soybean and cottonseed oils during the next few years. The United States may become a prime target for expanding palm oil consumption, since it is the only major palm oil importing country that maintains neither duties nor quotas.

"The world share of palm oil being exported to the United States is increasing. Of the 1.2 million tons exported in 1973, about 15 percent, or 175,600 tons, moved to the United States."

It should be noted that some African countries have concessions in European markets as associate members of the European Community. It seems probable that long-range prospects call for increased availabilities of palm oil at competitive prices, with sizable increments movng to the U.S. market.

Palm oil has become an increasingly important ingredient in U.S. shortening production, despite bleaching problems. Before 1960, no palm oil was used in the U.S. shortening industry, but 351 million pounds (159,213 tons) were utilized in 1973.

Although this quantity was only one-sixth of the 2.1 billion pounds of soybean oil used in U.S. shortening production, it represents a significant growth during the decade.

Palm oil used in the manufacture of shortening is hydrogenated slightly.

To the extent that palm oil and soybean oil—when combined in the manufacture of shortening—are priced significantly under cottonseed oil, U.S. palm oil consumption tends to expand and thus displaces domestically produced cottonseed oil.

Small amounts of palm oil are used in margarine, in salad and cooking oils, and about 11,000 tons are used in inedible products annually in the United States. About 10,000-15.000 tons are reexported annually for use abroad. U.S. stocks of palm oil generally run from 10,000 to 40,000 tons.

World palm oil production in 1973 reached a record of 2.3 million tons, 6 percent above the 1972 volume of 2.1 million tons. During the 1967-73 period, production trended up at an annual volume of 183,400 tons.

Total palm oil output in 1974 is forecast at 2.6 million tons, and in 1975 will likely approximate 2.8 million tons. If there is no abnormal weather and if oil palm plantings continue, it is likely that world production of palm oil will exceed the 4-million-ton level by 1980.

The main world production area for palm oil has shifted from Africa to Asia. A large part of increasing world production can be attributed to expansion in Malaysia. Prior to 1967, production was less than 200,000 tons, but the volume has since increased rapidly. West Malaysian production in 1974 may reach 910,000 tons, up 23 percent from the 740,000 tons produced in 1973.

The anticipated rise is based on a 19 percent increase in harvested area, along with an improved rainfall situation that is expected to result in better yields. Average yields had almost reached 1.5 tons per acre in 1971, but with the drought this figure declined to 1.4 tons in 1972 and to 1.3 tons in 1973.

Yields will improve some this year over last year's low level and are expected to continue showing improvement in 1975.

Palm oil production in West Malaysia is likely to exceed 1 million tons next year as new acreage continues to come into production and rainfall returns to normal. There is a good possibility that Malaysian production will exceed the 2.3-million-ton level by 1980.

Production in Indonesia also is increasing. Output reached 300,000 tons in 1973 and will likely increase another 8 percent to 325,000 tons this year. This expansion in palm oil production in both the Government and private sectors has been encouraged by improved prospects in the world market and the possibility of establishing additional processing mills in the country. It is reasonable to assume that there will be an-

Continued on page 16

PRODUCTION AND EXPORTS OF PALM OIL BY MAJOR EXPORTING COUNTRIES, 1960-80

[In 1,000 metric tons]

Calendar year	Malaysia		Indonesia	Ivory Coast	Zaire	Other	World total
	West	East					
			Production				
1960	92	0	141	18	232	767	1,250
1965	149	2	165	28	125	809	1,278
1970	403	27	216	52	201	816	1,715
1971	551	38	248	55	197	825	1,914
1972	659	72	269	93	190	860	2,143
1973	740	76	300	111	185	851	2,263
1974	910	115	325	135	180	885	2,550
1975	1,090	135	350	155	175	875	2,780
1980 [1]	2,100	270	450	250	150	1,080	4,300
			Exports				
1960	92	0	108	[2]—1	169	229	598
1965	141	2	126	0	77	202	548
1970	373	29	159	12	119	48	740
1971	535	38	188	28	112	66	967
1972	625	72	232	48	87	29	1,093
1973	724	73	249	55	70	24	1,195
1974	880	115	300	80	65	25	1,465
1975	1,070	135	325	95	60	25	1,710
1980 [1]	2,050	270	420	200	0	160	3,100

[1] Projection. [2] Net importer.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 1	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.04	+21	6.21
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.06	+37	5.65
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.91	+33	5.69
No. 3 Hard Amber Durum	7.67	+17	8.30
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.94	+2	3.31
Argentine Plate corn	4.11	−2	3.54
U.S. No. 2 sorghum	3.84	+14	3.33
Argentine-Granifero sorghum	3.89	+12	3.27
U.S. No. 3 Feed barley	(1)	(1)	3.20
Soybeans:			
U.S. No. 2 Yellow	9.25	+81	7.22
EC import levies:			
Wheat	0	0	0
Corn	0	0	.27
Sorghum	0	0	.27

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Australian Wheat Prices Adjusted Due to Devaluation

Devaluation of the Australian dollar on September 24 by 12 percent has not resulted in lower prices for Australian grain. The price of Australian fair average quality wheat, quoted at A$117 per metric ton, f.o.b. basis, on September 24, was increased to A$134.50 per metric ton on September 25. This price reflected the full extent of the devaluation plus a price increase of A$1.42 because of market factors.

Colombia Ends Wheat Subsidy

The Government of Colombia on September 15 announced the termination of its wheat subsidy program, and at the same time, raised the intervention price for domestically produced wheat. By eliminating the subsidy, the Government hopes to stimulate domestic production and consumption of corn, rice, potatoes, plantains, and yucca, and end Colombia's dependence on wheat imports. The immediate effect of this move is an expected rise in the price of bread and a corresponding drop in wheat imports.

Frost Hurts Mexican Corn, Bean Crops

An early cold spell with frost reportedly has done considerable damage to corn and edible bean crops in parts of the Mexican States of Puebla, Veracruz, Tlaxcala, and Hidalgo. Extent of the damage is unknown at this time, but unofficial newspaper reports estimate that 70,000-300,000 metric tons of corn were damaged by the cold weather.

OILSEEDS AND PRODUCTS

Peruvian Anchovy Fishing Begins

According to reports, anchovy fishing along the Peruvian coast, south of Huarmey, was scheduled to start in late September or early October, with only half the total fleet of 735 boats in operation. The U.S. Agricultural Attaché in Lima reports talk of a tentative catch quota of 2-2.5 million tons for the fall season. There is some belief that the early September Eureka survey did not show the expected concentration of anchovies, and that spawning was still continuing in the north, resulting in the probable restriction on fishing further north.

Peruvian fishmeal production through June totaled 567,000 metric tons. Another 20,000 metric tons possibly was produced up to early September. Exports through June totaled 128,000 metric tons and indications are that 115,000 metric tons were scheduled for export during July and August.

Proposed Soybean Plant Delayed in France

Construction of two soybean crushing plants at Brest, in Brittany, by two French companies has been postponed. Soja-France, the first to decide on the Brest location, already has a soybean crushing plant in lower Brittany, at St. Nazaire. To avoid a Soja-France monopoly of soybean meal distribution in Brittany, A.D.M., the second company, decided to cooperate with local farmers and cooperative compounders in the construction of a second crushing plant in Brest Soja-Brest. Following approval of the two projects by the French Government, the two companies decided to build their crushing plants in 1974.

However, A.D.M. recently notified Brittany project participants that postponement of its project was necessary, because of the following changes:

- The French and international economic situation. Construction and interest costs have risen sharply since last year.
- Evolution of the world protein supply. Argentina and Brazil may continue to favor exports of oilseed meals rather than soybean exports. This could create oilseed supply prob-

lems for crushing plants in non-soybean producing areas.

• The current meat crisis. This could cut the rate of increase of compound feed production in France.

A.D.M.'s decision to postpone construction has not changed the Soja-France project, but, of course, has delayed it by the conflict between Soja-France and Soja-Brest for allocation of space on the Brest harbor. The land is now ready and initial construction of the Soja-France plant is planned for October 1974. Crushing operations are forecast to begin in January or February 1976.

FRUIT, NUTS, AND VEGETABLES

Canada's Potato Crop Declines

Canadian production and acreage figures for the 1974 potato crop show a modest rise in acreage but a slight decline in total production. Total cultivated area was placed at 279,430 acres, reflecting a 7 percent increase over the area planted in 1973. However, lower estimated yields in most of the Provinces are responsible for the decline in production of 22,000 hundredweight (cwt.) from last year's level and brought the total 1974 crop to 46,539,000 cwt.

POTATO PRODUCTION AND ACREAGE IN CANADA, 1973-74

Province	Area		Production	
	1973	1974	1973	1974
	1,000 acres		*1,000 cwt.*	
Prince Edward Island	42.0	46.0	8,820	9,000
Nova Scotia	3.8	4.4	557	682
New Brunswick	53.0	58.0	9,964	10,325
Quebec	50.0	53.0	7,275	8,226
Ontario	41.8	42.5	7,265	7,331
Manitoba	30.0	35.0	4,400	3,500
Saskatchewan	3.0	3.5	580	575
Alberta	23.0	23.0	4,500	3,900
British Columbia	14.0	14.0	3,200	3,000
Total	260.6	279.4	46,561	46,539

EC Changes Tomato, Grape Export Subsidy

The European Community has announced export subsidy changes for fresh tomatoes and table grapes effective September 4, 1974. For tomatoes of quality classes Extra, I, and II exported to Austria, the subsidy of 4 units of account per 100 kilograms was eliminated. For table grapes, field-grown, of quality classes Extra and I exported to all destinations, a subsidy of 4 units of account per 100 kilograms was established by the Community.

Australia Forms New Apple, Pear Corporation

The new Australian Apple and Pear Corporation, established to replace the existing Apple and Pear Board, commenced operations effective September 1, 1974, under the chairmanship of R. W. Bain, a Tasmanian businessman with wide experience in the apple and pear industry. Membership of the new Corporation is based largely on management skill and experience rather than grower representation as on the former board.

Also, unlike the old Board, which was handicapped by limited powers, the new Corporation will be given adequate authority to tackle the industry's problems on a coordinated national basis. Problems of the industry will be attacked on a broad front, and efforts will be made to tailor production to meet the volume, variety, and specification requirements of profitable markets; to place fruit on these markets at the appropriate time and in a way that will maximize market acceptability to utilize cost saving practices in handling, transport, packaging, and other areas of the marketing operation; and to place the proper emphasis on promotion and research, particularly into new forms of processed products.

Details on the financing of the new Corporation are being discussed with industry. The Corporation will promote consumption of apples and pears, including those on the domestic market, and it has been proposed that all producers should share in the financing of the Corporation. The Corporation will be financed from the existing levy on apple and pear exports under the Apple and Pear Export Charges Act, which financed the old Apple and Pear Board.

SUGAR AND TROPICAL PRODUCTS

Republic of Korea Buys Australian Sugar

A sales agreement for a minimum of 1 million metric tons of Australian sugar over the next 5 years to the Republic of South Korea was announced on September 2, 1974 in Canberra. The contract is with three Korean refineries, and provides for at least 1 million metric tons to be supplied during calendar years 1975-79. It allows for additional quantities if required by Korea and available in Australia. A provision also has been made for an extension beyond 1979. Shipments will be made for cash against documents only.

The Agreement will provide Korea with the bulk of its sugar requirements over the next 5 years. In recent years imports have usually been less than 250,000 metric tons annually with Australia supplying only a small proportion.

Essential Oils Congress Held in San Francisco

The Sixth International Congress of Essential Oils was held in San Francisco, September 8-12. The sponsoring organization this year was the Essential Oil Association of U.S.A., Inc., which has its executive offices in New York City. The Congress, held every 3 years, presents the most recent scientific, technical, and business achievements in the field of essential oils and related areas. This year over 40 countries were represented at the Congress, and attendance was over 800.

The value of U.S. trade in essential oils in 1973 increased markedly over that of 1972, with exports reaching $51.6 million, up 41 percent, and imports at $57 million, up 15 percent. Based on January-July data, U.S. trade in essential oils again will increase in 1974.

World Tea Production Up Slightly in 1974

World tea production (excluding that of the People's Republic of China) in 1974 is forecast at a record 1.23 million metric tons, up slightly from the 1973 harvest of 1.22 million. Production in Asia and Oceania is expected to be up nearly 2

percent to 1.05 million tons, reflecting prospects of a record Indian harvest.

African production suffered from drought earlier in the year and will likely reach only 144,600 tons, off nearly 5 percent from the record 1973 harvest of 152,000. South American production at 29,200 tons is also expected to be lower, reflecting a smaller Argentine crop.

Estimates for the major producing countries in thousands of tons, with 1973 data in parentheses, are as follows: India 480 (470); Sri Lanka 210 (211); Japan 97 (95); USSR 75 (73); Kenya 49 (56.6); and Indonesia 55 (54.5).

More information will appear in the September issue of *World Agricultural Production and Trade.*

DAIRY AND POULTRY

EC Turkey Output Up

Turkey production in the European Community is continuing upward in 1974 based on slaughter increases in France, up 37 percent over year-earlier levels for January-May 1974, and in West Germany, the largest turkey meat import market, where production was up 8 percent. Turkey egg placement during the same period in the Netherlands was 31 percent above that of a year earlier. These increases follow a 16 percent gain in 1973 when turkey meat output throughout the EC totaled 826 million pounds, more than double 1968 production of turkey meat.

U.S. Milk Output Up, Profit Levels Decline

U.S. milk production continues to show improvement. Milk output in July and August exceeded levels for the same months of 1973, reversing nearly 3 years of continuous decline. The increase is due to higher average production per cow, which climbed 3 percent in the past year.

The turnaround in milk production could be temporary, however, since dairy farmers are suffering from a reverse cost-price squeeze. The milk-feed price ratio for August was the lowest since 1947 as dairy feed ration prices jumped 17 percent in 1 month. For this reason, dairymen are joining most other animal protein producers who are suffering the effects of shrinking profits.

Canada's Chicken Agency Delayed

Implementation of the National Chicken Marketing Agency in Canada has been delayed. Following public hearings held before the National Farm Products Marketing Council (NFPMC) in May 1974, the tentative plan was reviewed by the NFPMC and by Provincial chicken marketing boards. The plan also was presented to the meeting of all Provincial agriculture ministers held in Winnipeg in August 1974 for discussion and possible approval. However, the financial and operational difficulties being experienced by Canada's first national marketing agency, the Canadian Egg Marketing Agency (CEMA) gained priority during the Winnipeg discussions and the agriculture ministers reportedly allotted no discussion time to the plan for the chicken marketing agency.

It is likely, however, that the proposed plan will be examined more closely as a result of CEMA's internal difficulties, despite claims by an NFPMC official that there are fewer production and marketing complexities in a marketing plan for chickens than in eggs.

EC Again Ups Turkey Import Levies, Extends Broiler Subsidy

The European Community has further increased supplemental levies on turkey parts, making them effective September 20. With this increase, total EC import charges on turkey breasts, drumsticks, and thighs have risen 567, 439, and 178 percent, respectively, since May 1.

Trade reports indicate that the August 8 increases in levies all but eliminated the export of U.S. turkey breasts to West Germany, and caused difficulties in the sale of drumsticks and thighs. The September 20 increases are expected to substantially reduce exports of all turkey parts to EC countries.

The EC Commission also has extended indefinitely the 6.5-cent-per-pound export subsidy on broilers. These subsidized exports are expected to undercut U.S. poultry exports to third country markets. The continuing poultry glut in the EC countries, together with high feed costs, surplus of competing protein foods, and tight credit, all have combined to cause severe financial problems for the EC poultry industry.

GENERAL

U.S.-Egypt Title I Agreement Amended

On September 12, the United States exchanged notes with Egypt to amend the Public Law 480 Title I Agreement signed last June.

The Amendment provides for 100,000 metric tons of wheat/wheat flour, with an export market value of $17.5 million, to be supplied during fiscal 1975. This provision, combined with the $10 million worth of tobacco previously signed for, brings the total export market value of the Title I Agreement to $27.5 million. There is a 5 percent cash down payment, with the balance to be repaid in dollars over a 20-year period.

CCC Credit Set For Thailand Cotton

A new $10-million line of credit under the Commodity Credit Corporation (CCC) program has been established for Thailand covering the export of cotton. Terms provide for a 12-month credit period with payment of principal and accrued interest at end of the credit period. The export authorization period is September 1974 through June 30, 1975.

Other Foreign Agriculture Publications

- U.S. Trade in Livestock and Livestock Products for June (FLM-MT-8-74)
- World Tallow Trade and Production (FLM 10-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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Record German Grain Crop

Continued from page 9

taken to alleviate this problem.

In addition because of the high world price for corn, certain qualities of wheat and other comomn feed ingredients may become increasingly competitive with corn as a livestock feed.

As in fiscal 1974, West Germany continues vulnerable to the turmoil caused by high world prices of grains and feeds. With these prices above even the normally high ones that prevail in the Community—and which generally insulate members from changes in the world market—the marketing year in Germany could be judged almost as well from the floor of the Chicago Board of Trade as from Brussels or Bonn.

—Based on dispatch from *Office of U.S. Agricultural Attaché, Bonn*

U.S. Farm Exports in '75

Continued from page 3

nations. The latter countries have relatively small populations. While they will almost certainly increase their imports of agricultural products to improve their diets, there is a limit to the quantity of food they will need.

Faced with the necessity to pay their greatly increased oil bills, and with double-digit inflation reducing the amount of money in the hands of consumers, established markets for U.S. agricultural products will probably make some adjustments in their consumption. Similar reactions have already occurred in the United States in the form of reduced beef consumption because of higher prices.

WEST GERMAN GRAIN PRODUCTION, 1973 AND 1974 FORECAST

Item	Area		Production	
	1973	1974	1973	1974 [1]
	1,000 hectares [2]	1,000 hectares [2]	1,000 metric tons	1,000 metric tons
Wheat	1,603.1	1,640	7,134.4	7,580
Rye	739.0	715	2,576.4	2,580
Winter mixed grain	30.3	30	116.4	115
Barley	1,671.1	1,680	6,622.1	6,780
Oats	821.5	840	3,045.4	3,150
Spring mixed grain	315.1	325	1,109.3	1,185
Corn	105.9	115	573.2	610
Total	5,286.1	5,345	21,177.1	22,000

[1] Attaché forecast. [2] One hectare=2.471 acres.

World Palm Oil Output Up

Continued from page 11

other 8 percent increase in production next year to about 350,000 tons, with continued expansion through 1980 to a level of about 450,000 tons.

Ivory Coast has been developing its palm oil industry and thereby increasing in importance as a producer of palm oil. The 1974 output is expected to be about 135,000 tons, up 22 percent from the 111,000 tons produced in 1973. Production has more than doubled in the past 4 years. By 1980, production could reach 250,000 tons.

Zaire once was an important palm oil producer, accounting for over 18 percent of world production in 1960. However, palm oil production in Zaire has since stagnated, and by 1970 accounted for 12 percent of the total. This year, only 7 percent of world production will come from Zaire. (See *Foreign Agriculture*, March 18, 1974.)

Production in Zaire this year is forecast at 180,000 tons, down 3 percent from the 1973 total. It is possible that Zaire may, by the late 1980's, partly regain its position as additional oil palm plantations come into production.

Nigeria is the second largest producer of palm oil, but practically none of it enters world trade. About 450,000 tons probably will be produced there in 1974—4 percent more than the 432,000-ton outturn of 1973.

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